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MONTHLY NOTES

FARM MANAGEMENT AND FARM ECONOMICS

November 1, 1921.

DEVELOPMENTS OF THE MONTH affecting the agricultural situation include particularly:

Depression in the corn and livestock markets.

An improvement in cotton prices which has eased and stimulated the whole southern situation.

Fairly optimistic reports from the Pacific Coast.

A slump in wheat prices.

Collapse of the German mark, together with other unfavorable factors which may depress the buying power of central Europe.

The threatened railroad strike. In this connection we cannot but remember that every time the sun sets, from 700 to 1000 cars of grain and from 470 to 600 cars of livestock roll into Chicago. The Santa Fe, for example, is moving 2300 cars of grain a week. The Western trunk line systems show a monthly freight movement of 1,000,000 cars. Let nobody think the farmer doesn't have a stake in a railroad strike!

WHOLESALE PRICE INDEXES FOR SEPTEMBER, as made up by the Bureau of Labor Statistics, are as follows, 1913 being the base or 100. (August figures also given for comparison):

<u>Farm Products</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Commodity Groups</u>	<u>Aug.</u>	<u>Sept.</u>
Cotton	109	160	Farm Products	118	122
Corn	92	86	Food, etc.	152	146
Wheat, No. 1, N.	142	149	Cloths & clothing	179	187
Hay, Timothy No. 1.	145	143	Fuel & lighting	182	178
Steers (good to Ch.)	103	98	Metals & met. products	120	120
Hogs	116	95	Building materials	198	193
Eggs, N. Y.	142	158	Chemicals etc.	161	162
Milk, N. Y.	195	195	House-furnishing goods	230	223
Potatoes	304	250	<u>All commodities</u>	152	152
Wool, medium	99	99			



THE TREND OF PRICES during September offers plenty of field for speculation. The average of all commodities stood pat at 52% above pre-war level. Farm products moved upward, as did the textile group, and slightly also the chemical group. Everything else came down except the metal group which held its own at 120. Farm products have now yielded the palm to the metals group as worst off in wholesale prices. It may be that in these jockeyings somehow lie the dim beginnings of stabilization. We may at least hope so!

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WHAT ABOUT RENTS? Are Ohio lands being "under-rented," on the average, compared with Iowa lands or vice versa? What is the average return to landlords on present valuations? The Division of Land Economics of this Office has gathered some interesting data on percentage of cash rent to land valuations, covering 580 counties in 34 states. The plan is to issue a preliminary statement on this soon.

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IT COST AROUND \$10.20 to produce a hundred pounds of beef in Burt Co., Nebraska, last winter and lay it down in market. Of the total expense of fattening cattle, feed constituted 69%. The average net cost per steer was roughly \$121, while the average sales price was under \$109. In other words, a majority of these feeders did not get the going farm prices for the crops they fed. More details of this study can be obtained from Mr. R. H. Wilcox of this Office.

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UNCLE SAM'S PUREBRED HERD is as follows, according to the census statement issued last week:

Holstein	528,621	Shorthorn	416,995
Jersey	231,834	Hereford	.405,580
Guernsey	79,445	Aberdeen Angus	108,524
Ayrshire	30,494	Polled Durham	61,755
Brown Swiss	8,130	Galloway	6,920
All other	38,078	Devon	1,194
<u>Total dairy</u>	<u>916,602</u>	<u>Total Beef</u>	<u>1,064,912</u>

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RELATIVE PURCHASING POWER

(At Sept. 1921 Wholesale Prices)

Of a Unit of:

	<u>Cotton</u>	<u>Corn</u>	<u>Wheat</u>	<u>Hay</u>	<u>Potatoes</u>
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In terms of:

All commodities	115	57	98	95	164
Cloths etc.	86	46	80	77	134
Fuel etc.	90	48	84	81	140
Metals etc.	133	72	125	120	208
Bldg. material	83	45	77	75	129
House-furnishing goods	72	39	67	65	112

	<u>Steers</u>	<u>Hogs</u>	<u>Eggs</u>	<u>Milk</u>	<u>Wool</u>
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All commodities	65	62	104	128	65
Cloths etc.	53	51	84	104	53
Fuel etc.	55	53	89	109	55
Metals etc.	82	79	131	162	82
Bldg. materials	51	49	82	101	51
House-furnishing goods	44	43	71	87	144

PURCHASING POWER GIVES US AN INDEX of economic status perhaps as accurate as we can get at a glance. At last month's prices a bushel of potatoes would buy 64% more things than it did in 1913. But a bushel of corn would only buy about half as many commodities in general as it would in 1913.

Also, a bushel of potatoes would buy in September almost twice as much of metals as it would of house-furnishing goods. And so on.

Potatoes, milk, and eggs have the highest purchasing power of the group shown, while corn has the lowest. It will be well worth while to follow the shifts in purchasing power of farm products for it is these things that are always powerfully influencing the men who plow and plant.

We have some charts of purchasing power since 1913 which will be sent to those who request same.



### THE STATUS OF AGRICULTURE

THE RELATIVE STATUS OF AGRICULTURE during the war period is more or less reflected in the index figures that follow on the next pages. The purpose has been to bring together some basic figures which will give a fairly concise picture of general trend since 1913.

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SOME SEVEN YEARS AGO the war upset an economic equilibrium which to date is far from having been restored.

Under stimulus of war needs and rising prices, production increased. In general, agricultural production increased fully on a par with industrial production. Prices rose. Incomes rose. Costs rose.

Then came the Armistice and slowing down of export demands. For still a year and half prices in general continued to rise, but prices of farm products did not continue to rise in proportion.

Early in 1920 the fall of prices began. Raw products in general suffered first. Farm products, swollen by an exceptional crop season in 1920 and facing decreased foreign demand, suffered most. The farmers' purchasing power was reduced to the point of privation.

For over a year this latter situation has existed. Farmers have been forced to exchange their labor for the labor represented in manufactured commodities and in railroad service, at an overwhelming disparity.

The present agricultural depression has not always existed. It will not always continue. An important lesson from these index figures is that industrial relationships are not fixed, but changing. The main thing is that the community really have such understanding of the situation that it will tend to assist, not impede, the forces working toward equilibrium.

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THE TABLES THAT FOLLOW have been made up with care, but of course may be subject to correction. They are all relative figures with the year 1913 taken as the base or 100, and therefore express percentages relative to that year. It will be recognized that these figures are comparable only to a limited degree.

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PRODUCTION  
(Relative to 1913)

	<u>Cotton</u>	<u>Total Grains</u>	<u>Beef Cattle</u>	<u>Bituminous Coal</u>	<u>Steel Ingots</u>	<u>Crude Petroleum</u>	<u>Railroad Tonnage</u>
1913	100	100	100	100	100	100	100
1914	114	109	99	88	75	109	96
1915	79	129	103	93	103	115	89
1916	81	103	111	105	137	123	113
1917	80	122	116	115	144	137	117
1918	85	117	122	121	142	145	118
1919	81	116	125	96	111	154	105
1920	92	128	124	116	135	181	116
1921	48	117	119 (Jan.)	76 (July)	38 (July)	194 (July)	---

1913 figures used as 100

(Cotton 14,156,000 Bales  
 (Grains 230,265,000,000 Pounds  
 (Beef cattle 36,030,000 Head  
 (Bitum. coal 39,869,000 Tons  
 (Steel 2,523,344 Tons  
 (Petroleum 20,704,000 Barrels  
 (R. R. tonnage 2,150,546,926 Tons



WAGES

(Relative to 1913)

	<u>All Wages</u>	<u>Farm Labor</u>	<u>Bituminous Coal</u>	<u>Steel</u>	<u>Railroad</u>	<u>Carpenters (Chicago)</u>	<u>Building Laborers (Chicago)</u>
1913	100	100	100	100	100	100	100
1914	102	98	104	102	107	---	---
1915	103	99	104	103	109	100	100
1916	111	109	109	115	117	108	106
1917	128	135	130	143	137	108	112
1918	162	163	158	184	187	108	125
1919	184	186	180	211	195	123	144
1920	234	219	204	240	240	192	250
1921	---	138	---	---	---	192	250

(Farm labor \$256 & board  
(Steel Corp. \$2.92 per day  
1913 figures used as 100 (Railroad labor \$761.  
(Carpenters 65¢ per hour  
(Building Laborers 40¢ per hour



COST OF PRODUCTION

(Relative to 1913)

	<u>Cotton</u> <u>One acre</u> <u>S. Carolina</u>	<u>Wheat</u> <u>One acre</u> <u>Minnesota</u>	<u>Potatoes</u> <u>One acre</u> <u>New York</u>	<u>Milk</u> <u>100 lbs.</u> <u>Wisconsin</u>	<u>Hogs</u> <u>100 lbs.</u> <u>Missouri</u>	<u>Cattle</u> <u>100 lbs.</u> <u>Nebraska</u>
1913	100	100	100	100	100	100
1914	98	105	97	100	89	106
1915	91	113	91	93	101	102
1916	109	113	110	120	120	119
1917	150	154	171	143	121	143
1918	170	182	142	187	189	168
1919	171	203	159	213	187	156
1920	191	212	229	247	106	118

1913 figures used as 100:  
(Cotton \$28.63  
(Wheat 11.49  
(Potatoes 61.12  
(Milk 1.36  
(Hogs 7.22  
(Cattle 8.75



PRICES

(Relative to 1913)

	All commodities <u>Wholesale prices</u>	Farm products <u>Wholesale prices</u>	All crops <u>Farm prices</u>	Meat animals <u>Farm prices</u>
1913	100	100	100	100
1914	100	103	103	103
1915	101	105	103	95
1916	124	122	126	111
1917	176	189	203	165
1918	196	220	217	193
1919	212	234	225	194
1920	243	218	212	169
1921 (July)	148	115	102	109

	Cotton <u>Farm price</u>	Corn <u>Farm price</u>	Wheat <u>Farm price</u>	Beef cattle <u>Farm price</u>	Bit. coal <u>Wholesale</u>	Steel billes <u>Wholesale</u>	Railroad <u>Freight rates</u>
1913	100	100	100	100	100	100	100
1914	73	120	113	106	100	78	100
1915	78	120	134	102	100	87	100
1916	122	124	161	110	122	170	99
1917	183	217	256	138	208	271	100
1918	237	248	261	160	177	183	118
1919	253	255	271	165	187	157	135
1920	214	236	277	144	266	218	146
1921 (July)	77	105	143	91	209	125	185 (Mar.)

(Crops 128.1  
 (Meat animals \$7.00  
 (Cotton 12.4¢  
 (Corn 59.4¢  
 (Wheat 78.4¢  
 (Beef cattle \$5.90  
 (Bitum. coal \$2.20 per ton  
 (Steel billets \$25.789 per ton  
 (Freight rates .719 per ton-mile  
 1913 base prices:



INCOME

(Relative to 1913)

	<u>Cotton farms</u>	<u>Eastern Dairy farms</u>	<u>Corn belt farms</u>	<u>Palouse wheat farms</u>	<u>Stand.Oil Co.N.Y.</u>	<u>U.S.Steel Corp.</u>	<u>Railroads</u>
1913	100	100	100	100	100	100	100
1914	---	---	---	---	48	52	.89
1915	---	---	---	---	97	95	117
1916	---	---	---	---	226	243	146
1917	---	---	---	---	185	215	136
1918	244	149	174	196	177	145	96
1919	---	---	---	---	266	105	72
1920	93	122	63	73	243	129	9

1913 base figures: (Cotton farms \$413 per farm  
(Dairy " \$933 " "  
(Corn belt " \$2607 " "  
(Wheat " \$2357 " "  
(Stand. oil Co. N.Y. \$16,212,985.  
(U.S. Steel Corp. \$137,181,345.  
(Railroads \$718,800,000.



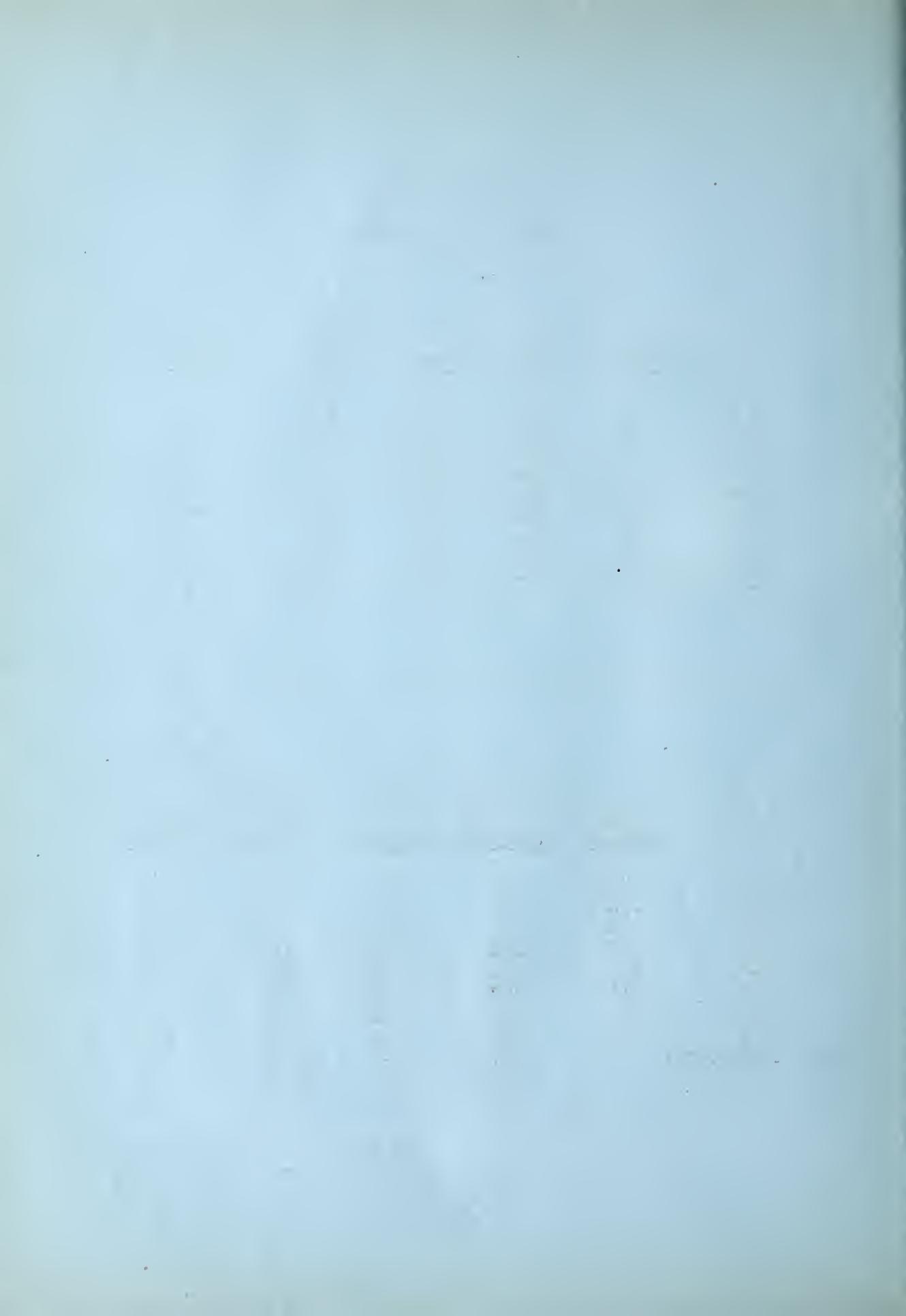
PURCHASING POWER

(Relative to 1913)

	<u>Cotton</u>	<u>Corn</u>	<u>Wheat</u>	<u>All Crops</u>	<u>Meat Animals</u>
1913	100	100	100	100	100
1914	73	120	113	103	103
1915	77	119	133	102	94
1916	98	100	130	101	89
1917	104	123	145	115	94
1918	121	126	133	110	98
1919	119	120	128	106	91
1920	88	97	114	87	70
1921 (July)	52	71	97	69	74

	<u>Farm Products</u>	<u>Cloths &amp; Clothing</u>	<u>Fuel &amp; Lighting</u>	<u>Metals &amp; M. Products</u>	<u>Building Materials</u>
1913	100	100	100	100	100
1914	103	98	96	87	97
1915	104	99	92	96	93
1916	98	103	96	119	81
1917	107	103	99	118	70
1918	112	122	83	92	77
1919	110	123	82	76	91
1920	90	124	98	77	127
1921 (July)	78	121	124	84	135

Purchasing Power obtained by dividing index price of given commodity by index of all commodities for the corresponding years.



SOURCES OF FIGURES

Page 5 The figures on coal, steel, and petroleum production are from Dept. of Commerce "Survey of Current Business" for August 1, 1921. Railroad tonnage is from Report of Senate Committee hearings pursuant to Resolution 23.

Page 6 "All wages" from Monthly Labor Review, February, 1921. Coal, carpenters, building laborers wages from Bureau of Labor Statistics. Steel wages from annual reports of U. S. Steel Corporation. Railroad wages from Senate Committee Report referred to above.

Page 7 These are cost of production figures worked out by this Office from its investigations carried on in the areas mentioned.

Page 8 Wholesale price figures from Bureau of Labor Statistics. Farm prices from Bureau Crop Estimates. Railroad freight rates from Senate report referred to above.

Page 9 Farm income from surveys made by this Office. Standard Oil Co., and U. S. Steel Corporation are "Net income" from Moody's Manual. Railroad income represents Class 1 railroads "Net operating income," from Dept. of Commerce "Survey" mentioned above.

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